

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

**IN THE MATTER OF THE PETITION OF TRANSCANADA KEYSTONE PIPELINE, LP
FOR ORDER ACCEPTING CERTIFICATION OF PERMIT ISSUED IN DOCKET HP09-
001 TO CONSTRUCT THE KEYSTONE XL PIPELINE**

DOCKET HP14-001

PREFILED TESTIMONY OF JENNY HUDSON
ON BEHALF OF THE COMMISSION STAFF
APRIL 2, 2015

1 **Q. Please state your name and business address.**

2 A. My name is Jenny Hudson. My business address is 28100 Torch Parkway,
3 Warrenville, Illinois, 60555.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed as a Vice President-Senior Project Manager by EN Engineering,
6 an engineering and consulting firm specializing in pipeline design, codes
7 compliance, integrity and automation services for the oil and gas industry.

8 **Q. Please describe your educational background and professional experience.**

9 A. I hold a B.S. degree in Geological Engineering from the University of Missouri-
10 Rolla. Additionally, I am a registered Professional Engineer in the State of Illinois
11 as well as a registered NACE Cathodic Protection Technologist.

12

13 My professional experience consists of employment in the pipeline industry with
14 EN Engineering and previously with Nicor Gas. While at Nicor Gas I had roles in
15 the Storage Department as well as in the Corrosion Control Department. At EN
16 Engineering, my responsibilities have been focused in the areas of pipeline
17 integrity, codes compliance and corrosion control. Additionally, I am a member
18 of several industry technical committees. My resume is included in
19 Exhibit___JH-1.

20 **Q. On whose behalf was this testimony prepared?**

21 A. This testimony was prepared on behalf of the Staff of the South Dakota Public
22 Utilities Commission (Staff).

23 **Q. Please state the purpose of your testimony in this proceeding.**

1 A. There are three main objectives of the Staff in this testimony. First, to ensure
2 that the proposed changes to the Findings of Fact in the Decision, as identified
3 by TransCanada Keystone Pipeline's (the Applicant) Tracking Table of Changes,
4 comply with the Federal Pipeline Safety Regulations 49CFR 195, Transportation
5 of Hazardous Liquids by Pipeline. Secondly, the objective is to ensure that the
6 Applicant has met any new requirements imposed by the Federal Pipeline Safety
7 Regulations 49CFR 195 since the Amended Final Decision and Order was
8 issued on June 29, 2010 with respect to the application for a permit (Permit) to
9 construct and operate a crude oil pipeline in South Dakota. Lastly, the objective
10 is to ensure that the amended permit conditions, and any project changes, are
11 still able to meet the conditions upon which the permit was issued, specifically
12 focusing on pipeline design, integrity management and compliance with PHMSA
13 regulations (49CFR 195).

14
15 This testimony deals specifically with changes to Federal Pipeline Safety
16 Regulations 49CFR 195 since the Amended Final Decision and Order was
17 issued and project changes specific to the area of Integrity Management
18 (§195.452).

19 **Q. Please describe any changes to federal pipeline safety regulations since**
20 **the Amended Final Decision and Order was issued on June 29, 2010.**

21 A. Since the proposed Keystone Pipeline is a hazardous liquid pipeline, I will
22 describe any changes to Part 195 – Transportation of Hazardous Liquids by
23 Pipeline.

1 As part of Amendment 195-94, which went into effect October 1, 2010, section
2 195.207 was added as a new section covering the transportation of pipe by
3 railroad, ship or barge. This amendment also revised sections 195.3, 195.116,
4 195.264, 195.307, 195.401, 195.432, 195.452, 195.571, 195.573, and 195.588.
5 Per the Federal Register notice, these amendments did not require pipeline
6 operators to take on any significant new pipeline safety initiatives.

7
8 On January 1, 2011, changes to Part 195 went into effect as part of Amendment
9 195-95. These changes addressed the National Registry of Pipeline and LNG
10 Operators and reporting requirements. As part of the changes, new section
11 195.64 was added, section 195.62 was removed, and updates were made to
12 sections 195.48, 195.49, 195.52, 195.58 and 195.63. The intent of these
13 changes was to enhance the Pipeline and Hazardous Materials Safety
14 Administration's (PHMSA) ability to understand, measure and assess the
15 performance of individual operators and the industry in its entirety, as well as to
16 expand and simplify the electronic reporting required of operators.

17
18 As part of Amendments 195-96 and 195-96C, changes were made to apply
19 safety regulations to rural low stress hazardous liquid pipelines that were not
20 previously covered by safety regulations. Section 195.12 was rewritten to
21 address these new requirements. Changes were also made to sections 195.1
22 and 195.48. These changes went into effect October 11, 2011 and were made in

1 order to comply with a mandate provided in the Pipeline Inspection, Protection,
2 Enforcement, and Safety Act of 2006.

3
4 Amendment 195-97 expedited certain implementation dates pertaining to the
5 Control Room Management regulations contained in section 195.446. The rule
6 went into effect August 15, 2011.

7
8 Amendment 195-98, which went into effect October 25, 2013, updated the
9 administrative civil penalty maximums for violation of the safety standards and
10 made technical corrections and updates to certain administrative procedures.
11 This amendment made changes to section 195.402.

12
13 Amendment 195-99, which went into effect March 6, 2015, incorporated by
14 reference new, updated or reaffirmed editions of applicable consensus standards
15 subject to the regulations, and also made non-substantive editorial corrections
16 clarifying code language in certain sections. This amendment added new section
17 195.207 addressing requirements for the transportation of pipe by truck.
18 Additionally, changes to the following sections were made: 195.5, 195.406,
19 195.3, 195.106, 195.116, 195.118, 195.124, 195.132, 195.134, 195.205,
20 195.214, 195.222, 195.228, 195.264, 195.307, 195.405, 195.432, 195.444,
21 195.452, 195.565, 195.573, 195.579 and 195.587. Per the Federal Register
22 notice, these amendments did not require pipeline operators to take on any
23 significant new pipeline safety initiatives.

1 Of additional note is Amendment 195-93. This amendment added a new section
2 to Part 195 addressing Control Room Management. While the effective date of
3 this ruling was February 1, 2010, which was prior to the Amended Final Decision
4 and Order being issued, the regulation did not require operators to have Control
5 Room Management procedures developed until August 1, 2011. As a result,
6 Control Room Management was not directly discussed during the prior
7 proceedings.

8 **Q. Numerous sections of code were referenced previously as being modified.**
9 **Were these changes significant?**

10 A. The majority of the changes were clarifications in code language, editorial
11 corrections, modifications to the way industry standards are referenced in the
12 regulation and incorporating by reference updated or reaffirmed versions of
13 industry standards. As an example, prior to Amendment 195-99, section 195.132
14 used the term "API Standard 620". After the amendment, section 195.132 read
15 "API Std 620". However, there were some changes that could be considered
16 more substantive, which I will discuss below.

17
18 Changes to section 195.1, made as part of Amendment 195-96, provided for a
19 complete rewrite of the section. This section identifies which pipelines are
20 covered by Part 195. The primary impact was the inclusion of all rural onshore
21 hazardous liquid low stress and certain gathering pipelines under the regulation.

22

1 Changes to 195.12, made as part of Amendment 195-96, address changes to the
2 requirements for rural low stress pipelines.

3
4 Changes to 195.64, made as part of Amendment 195-95 added reporting
5 requirements to operators as they relate to the National Registry of Pipeline and
6 LNG Operators.

7
8 Changes to 195.207, as made by Amendment 195-94, added this section
9 covering the transportation of pipe by railroad, ship or barge. Amendment 195-
10 99 added requirements for the transportation of pipe by truck.

11
12 Changes to 195.432, made as part of Amendment 195-99 added significant
13 detail to paragraph (b) regarding internal inspection interval of in-service
14 breakout tanks.

15
16 Amendments 93 and 97 added requirements pertaining to Control Room
17 Management.

18 **Q. Please describe how the changes to Part 195, described previously, will**
19 **have an effect on the proposed Keystone Pipeline?**

20 A. As mentioned previously, the majority of the changes were not substantive in
21 nature and as a result, have minimal impact on the requirements for the design,
22 integrity management and implementation of Part 195 requirements, as they

1 relate to the proposed Keystone pipeline. However, there are some changes that
2 will.

3
4 Since the Amended Final Decision and Order was issued on June 29, 2010,
5 changes to 49 CFR Part 195 have required operators to develop and implement
6 a Control Room Management Plan. Control Room Management requirements
7 were not specifically addressed in the prior proceedings. The Control Room
8 Management Regulations will be described in more detail by Mr. Chris Hughes.

9
10 Through use of the National Registry of Pipeline and LNG Operators, Keystone
11 will be required to notify PHMSA no later than 60 days before construction on the
12 pipeline begins. This is addressed in 195.64(c)(1)(ii).

13
14 Transportation of pipe will need to be per the mandates set forth in section
15 195.207.

16
17 Significant changes relative to rural low stress pipelines were made to the federal
18 pipeline code; however, since the proposed Keystone pipeline is not a rural low
19 stress rural line, those regulatory changes do not have an impact on this
20 proceeding.

1 Changes related to breakout tanks were made to the federal pipeline code;
2 however, Keystone has stated there will be no tank facilities constructed in South
3 Dakota. As a result, there is no impact relevant to these proceedings.

4 **Q. Keystone updated project specifications as they relate to Finding 50 in the**
5 **Amended Final Decision and Order to state 19.9 miles of the proposed pipe**
6 **in South Dakota have the potential to impact a High Consequence Area.**
7 **Previously Keystone had stated a spill had the potential to impact 34.3**
8 **miles of HCA. Can you please describe the impact this change has?**

9 A. As a result of the change, less pipe in the state of South Dakota will be subject to
10 integrity management regulations (195.452) due to less pipe having the potential
11 to impact a High Consequence Area in the event of a pipeline release.

12 **Q. Does this change violate any requirements set forth in 49 CFR Part 195?**

13 A. Presuming the revised HCA analysis was performed in accordance with Part
14 195, it does not.

15 **Q. Does this change violate any mandates set forth in the original or amended**
16 **permit conditions?**

17 A. Presuming the revised HCA analysis was performed in accordance with Part
18 195, it does not.

19 **Q. Do any of the other project changes identified in the Tracking Table of**
20 **Changes provided by Keystone violate the mandates set forth in 49 CFR**
21 **195.452?**

22 A. No they do not.

1 **Q. As they relate to 49 CFR 195.452, do any other project changes identified in**
2 **the Tracking Table of Changes provided by Keystone violate the mandates**
3 **set forth in the original or the amended Permit Conditions?**

4 A. No they do not.

5 **Q. Does this conclude your testimony?**

6 A. Yes.